

# Autism Insurance Reform

---

## **Summary:**

In Michigan alone, there are over 15,000 known cases of children suffering from Autism Spectrum Disorder (ASD). Doing nothing to provide coverage costs an individual suffering from autism \$3.7 million throughout their lifetime. Michigan recently joined 34 states and the District of Columbia in passing laws related to autism and insurance coverage and we are one of at least 30 states that specifically require insurers to provide coverage for the treatment of autism.

## **Background:**

According to the Centers for Disease Control, one in every 88 children (1 in 54 boys) is affected with Autism Spectrum Disorders (ASD); a complex neurological disability that can now officially be declared an epidemic in the United States. There are an estimated 50,000 individuals living in Michigan with ASD and approximately 15,000 are school age children. This year more children will be diagnosed with ASD than AIDS, diabetes, and cancer combined. The Harvard School of Public Health estimated that over a lifespan, without medical treatment, the average societal cost of caring for one person with autism is \$3.7 million.

If autism is not treated, in many cases the child will require full time care for the rest of his or her life. The cost for non-treatment is incurred by Michigan companies (disabled children usually get lifetime medical insurance), families, and the State of Michigan. Higher state and local taxes are needed to support the intensive medical and social services, housing, transportation, employment compensations, and safety mechanisms, which are required to manage the lifelong needs of these individuals. Additionally, the cost of school supports top \$60,000 per student per year, translating to a \$3 billion cost to Michigan schools over the lifetime of 15,000 children with autism.

Autism Spectrum Disorders (ASD) pose challenges across the life span which necessitates on-going, coordinated support from professionals. A child can be diagnosed with autism as early as age two, however, many do not receive a diagnosis as early as possible. Once assessed, families then face the challenge of identifying appropriate services, since availability and access to evidence-based therapies are severely limited in Michigan. Additionally, services are rarely coordinated among agencies and professionals, resulting in poor continuity of care and inconsistent communication among medical staff, educational and vocational systems, mental health service agencies, and support organizations. Even providers who regularly serve individuals with autism are unaware of the range of resources and community services, leaving many families with the challenges of navigating a maze of options without understanding the efficacy of services or a virtual lack of available local services.

Only 15% of the Michigan population with autism receives evidence based services. The remaining children and adults are under-served due to unavailability of services, lack of awareness of the specific types of services needed for treatment, cost prohibitive therapies, and teachers in many Michigan school districts who are ill equipped to manage the growing number of children with autism in their classrooms. Training is needed for special educators, general educators, ancillary staff, and administrators as well as all other personnel who come in contact with students in the school setting. There is also an inconsistent, unreliable system for early identification and referral. It is difficult to find qualified professionals to provide evidence based diagnostic and therapy services. As a result, fragmented service delivery leads to frustration and confusion for caregivers trying to help their loved one with autism coupled with lost developmental years and dollars wasted.

## **Doing nothing is the highest cost option:**

Michigan's current lifetime cost for the 15,000 children with autism is \$58 billion. Early assessment and treatment reduces lifetime cost from \$3.7 million to \$1.6 million per person. The legislation that was recently passed in the Michigan legislature (SB 414, SB 415 and SB 981) will generate \$14 billion in savings.

Independent actuarial and economic studies (Mercer and Oliver Wyman) show that adding coverage would increase insurance policy costs less than 1% and only 1/10<sup>th</sup> of 1% in early years due to lack of therapists in the state. Initial costs are estimated at \$0.55 per person per month or \$6.60 a year.

### **Proven research for autism:**

Not long ago the medical community believed autism was untreatable. Today, research has proven otherwise and has yielded that half of those diagnosed with autism and receive early intervention can reach normal function and another 40% show significant improvement.

### **Autism insurance reform legislation passed:**

Michigan recently passed legislation that would join the other 34 states and the District of Columbia that have laws related to autism and insurance coverage. 30 states specifically require insurers to provide coverage for the treatment of autism (<http://www.ncsl.org/?tabid=18246>). Without legislation, *Autism Speaks* ranked Michigan as one of the worst 10 states to raise a child with autism as it lacked insurance coverage and options for treatment are rare to find. As a result, many families have been leaving Michigan to find assistance elsewhere. Since the passage of the Autism Insurance Reform legislation, Michigan is now well on its way to going from being one of the worst 10 states to raise a child with autism to being one of the best.

The Autism Insurance Reform Legislation (SB 414 and 415) is narrow in scope; only allows licensed physicians and psychologists to diagnosis (not teachers, social workers, etc.); limits treatments to evidenced-based therapies and provides for behavior, speech, occupational and physical therapies; behavior therapy has to be provided by or supervised by a board certified behavior therapist; and provides for checks and balances including reviews by insurers and managed care cost containment practices.

SB 981 was introduced to reimburse carriers and third party administrators (TPAs) for paid claims for the “diagnosis of autism spectrum disorders” and “treatment of autism spectrum disorders” as those terms are defined in SBs 414 and 415.

This three-bill package passed both chambers overwhelmingly with bipartisan support in March, 2012.

### **Medicaid Coverage:**

The fiscal year 2013 Executive Recommendation includes \$34.1 million gross, \$10.1 million general fund for the coverage of treatment for Autism Spectrum Disorders (ASDs).

Based on the severity of a child’s diagnosis, treatments range from the more expensive Applied Behavioral Analysis (ABA) to less extensive play therapies. Providing coverage through Medicaid and MICHild will allow parents to access services of varying intensity and expenses based on a child’s need. As part of a nationwide recognition that these treatments are effective, many states now require coverage of ASD treatments.

The cost estimates in the fiscal year 2013 Executive Budget reflect an estimate of 2,000 children who are under six years of age, eligible for Medicaid and MICHild, and who would qualify for some type of ASD treatment. While treatments may continue through age 18, the majority of expenses are incurred during a child’s early development years.